

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF WATER QUALITY
JULY 24, 2018**

ITEM 3

SUBJECT

CONSIDERATION OF A RESOLUTION AUTHORIZING THE STATE WATER RESOURCES CONTROL BOARD EXECUTIVE DIRECTOR OR DESIGNEE TO ACCEPT A FEDERAL GRANT TO CONTINUE REGULATORY OVERSIGHT AT THE UNITED STATES DEPARTMENT OF ENERGY, FORMER NAVAL PETROLEUM RESERVE NO. 1 (NPR-1) ENVIRONMENTAL RESTORATION AND CLOSURE PROJECT

DISCUSSION

The former Naval Petroleum Reserve No. 1 (NPR-1), also known today as the Elk Hills Oil Field, remains one of the larger petroleum producing fields in the lower 48-states and is the largest natural gas producer in the State of California. The former NPR-1 is a 47,409-acres (approximately 74 square miles) oil and natural gas production field about 25 miles west of Bakersfield in Kern County.

NPR-1 and its oil reserves were set aside by Executive Order by President Taft in 1912. NPR-1 sat idle until World War II when oil production was increased to meet war time needs. Oil production was scaled back at the end of World War II. In 1976, Congress authorized Naval Petroleum Reserves Production Act that opened NPR-1 for operation. Operations and administration of NPR-1 was transferred from the Navy to the Department of Energy (DOE) in 1977. In 1996, Congress directed DOE to sell the United States' land and hydrocarbon interests within NPR-1. DOE sold the government's interest in NPR-1 in 1997.

The California Department of Toxic Substances Control (DTSC) entered into a Corrective Action Consent Agreement in 2008 with the DOE that identified a total of 131 areas of concern (AOCs). The agreement was to assess and remediate environmental impacts resulting from DOE's operational involvement with NPR-1.

The Central Valley Regional Water Quality Control Board (Central Valley Regional Water Board) regulates approximately 55 sumps in the former NPR-1 through three separate Waste Discharge Requirements (WDR): WDR No. 58-491; WDR No. 73-42; and WDR No. 73-141. In August 2015, the Central Valley Regional Water Board entered into an Assistance Agreement (Award No. DE-FE0024646) with DOE to provide regulatory oversight for the environmental restoration and closure, in conjunction with the DTSC, for those AOCs regulated by the various Central Valley Regional Water Board WDRs.

The current grant expires on September 30, 2018. A new grant proposal between the State Water Resources Control Board (State Water Board) and DOE is proposed to provide up to \$400,000 to fund oversight work by the Central Valley Regional Water Board for fiscal years 2018-19 through 2023-24.

POLICY ISSUE

Should the State Water Board authorize the State Water Board's Executive Director to accept up to \$400,000 in federal grant funds to continue oversight activities at the NPR-1 facility?

FISCAL IMPACT

The proposed resolution will allow continuation of NPR-1 oversight activities with federal grant funds. The State Water Board budget has adequate federal fund appropriation authority to expend these funds.

REGIONAL BOARD IMPACT

Yes. Central Valley Regional Water Board staff have funding to provide oversight for NPR-1 through September 30, 2018. With an approved Resolution, Central Valley Regional Water Board staff can continue project oversight for fiscal years 2018-19 through 2023-24, with the additional federal funds identified.

HUMAN RIGHT TO WATER

The actions proposed under this item are consistent with the established policy of the State recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes (human right to water; Water Code section 106.3). The proposed actions are also consistent with [Resolution No. 2016-0010](#), in which the State Water Board adopted the human right to water as a core value and top priority. The proposed actions support the human right to water by protecting and restoring California's water resources and drinking water.

STAFF RECOMMENDATION

Staff recommends that the State Water Board authorize the State Water Board's Executive Director or designee to accept up to \$400,000 in federal grant funds to continue oversight activities at the NPR-1 facility.

State Water Board action on this item will assist the Water Boards in reaching Priority 2 of the Strategic Plan Update: protect and restore groundwater quality. In particular, approval of this item will assist in fulfilling Objective 2.3: to ensure the viability of high quality groundwater basins through the clean-up of contamination.